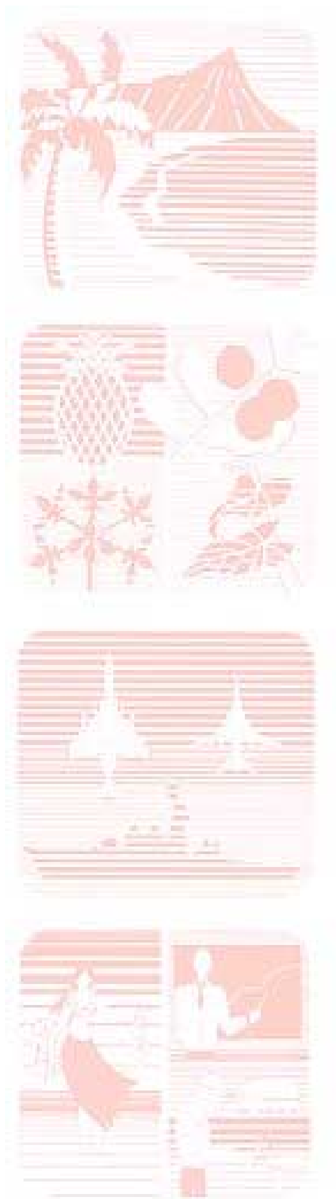

QUARTERLY STATISTICAL & ECONOMIC REPORT,

Executive Summary December 2000

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before December 22, 2000.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at http://www.hawaii.gov/dbedt/index.html.

Beginning in March 2000, the printing of the entire QSER has been discontinued. The full version will be available on-line at http://www.hawaii.gov/dbedt/qser.html and an QSER Executive Summary at http://www.hawaii.gov/dbedt/latest.html and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division's Business Resource Center at (808) 586-2424.

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STATE OF THE ECONOMY

While Hawaii's economy kept expanding in the third quarter of 2000, the growth moderated somewhat from the first half of the year. The pace of employment and job growth cooled. Tax revenue increases slightly slowed. And visitor growth dampened. On the other hand, personal income growth (through the second quarter) remained strong and the number of bankruptcy filings dropped sharply.

Civilian employment grew by 1.9 percent from the third quarter of 1999 through the third quarter of 2000 (Table 1). Similarly, non-agricultural wage and salary jobs increased by 1.7 percent over the period. For the year through September employment was up 2.8 percent while jobs had increased by 1.9 percent. Thus, the third quarter's growth was somewhat slower than in the first half of the year.

Unemployment continued to fall. The number of unemployed fell by 20.9 percent in the third quarter compared to the third quarter of 1999. As a result, the unemployment rate fell by 1.2 percentage points over the period to 4.4 percent. For the year through September the unemployment rate averaged 4.5 percent—down from 5.8 percent over the same period in 1999.

Adjusting for the number of jobs in industries, most of the non-agricultural wage and salary job growth came from the 2.1 percent increase in services in the third quarter. Construction jobs grew a strong 9.6 percent from the third quarter of 1999 through the third quarter of 2000, making the second-largest contribution to job growth. Other important contributors to growth included hotels (4.1 percent) and retail trade (1.3 percent). The only sector to experience job losses in the third quarter (and for the year-to-date) was finance, insurance, and real estate—down 1.7 percent.

Public sector job growth fell below the average in the third quarter (1.0 percent). For the year through September, government jobs have increased at about the same pace as the economy in general.

According to the U.S. Bureau of Economic Analysis, Hawaii's personal income grew about 4.1 percent comparing the first two quarters of 1999 to those of 2000 (Table B-2). Growth came from both the wage and salary component and from stronger-than-average growth in proprietors' income.

State general fund tax revenues grew by 5.2 percent in the calendar third quarter relative to the third quarter of 1999 (Table 1). While slower than in the first half of the year, general fund tax revenues were still up 7.8 percent in the first three-quarters. Much of the growth was due to relatively strong receipts from the general excise and use tax.

Growth in both the number of visitor arrivals and the average daily census slowed in the third quarter. The number of arrivals expanded 1.7 percent (Table D-2), while the average daily census grew by 1.1 percent (Table D-8). Both measures grew at faster rates in the first half of the year. Even so, third-quarter hotel occupancy rates were more than 3 percentage points higher than in the third quarter of 1999 (Table D-11).

Finally, the number of bankruptcy filings plummeted by 25 percent in the third quarter (Table F-1). This was the fastest rate of decline since bankruptcy filings started falling a year and a half ago.

OUTLOOK OF THE ECONOMY

While the outlook for Hawaii's economy remains positive, signs of cooling on the Mainland and Japan's still-weak recovery suggest somewhat slower future growth than was anticipated in the first half of the year. DBEDT has therefore adjusted its projections downward from the June and September forecasts.

Signs of slowing economic growth on the Mainland have been gathering. Third-quarter real gross domestic product (GDP) grew at an annualized rate of 2.4 percent from the second quarter. This was down from growth of 5.6 percent in the second quarter and 4.8 percent in the first quarter. For the year to date, GDP is still 5.5 percent higher than the same period last year, and *Blue Chip Economic Indicators* (a consensus of approximately 50 forecasters) expects growth to finish at 5.2 percent for 2000.

On the other hand, *Blue Chip* forecasts 3.4 percent growth for 2001, which is down from its September and October forecasts of 3.5 percent.

Likewise, the *UCLA Anderson Forecast* expects California's growth to peak this year and slow in 2001. *Anderson* sees rapid 8.3 percent real personal income growth in California for 2000, slowing to 3.0 percent in 2001 and 2.3 percent in 2002. Nonfarm employment in California should grow by 3.6 percent this year and by 1.9 percent in 2001.

The November 2000 *Blue Chip* forecasts for Japan and other Asian economies are essentially unchanged from earlier months. Japan is expected to grow by 1.7 percent in 2000 and by 2.0 percent in 2001. South Korea will grow by 8.7 percent in 2000 and by 6.3 percent in 2001. Taiwan (6.6 percent in 2000, 6.1 percent in 2001) and China (7.8 percent in 2000, 7.4 percent in 2001) were similarly unchanged.

The Japanese yen has hovered between 105 and 110 per dollar for most of the year. The November 2000 *Consensus Forecasts-USA* expects 106.5 yen per dollar in February 2001, rising to 104.2 per dollar in November 2001. A higher-valued yen is usually good for Hawaii because our exports become less expensive for Japanese visitors.

These indicators of external influence on Hawaii suggest some moderation in our previous forecast (see the accompanying table). We now expect the number of visitor arrivals to increase by 4.2 percent in 2000 and by 3.7 percent in 2001 (down from the September 2000 forecast of 4.8 percent and 3.9 percent, respectively). Real personal income is likely to grow by 2.8 percent in 2000 and 2001 (compared to 3.5 percent and 3.0 percent, respectively). Wage and salary jobs should grow by 2.0 percent in 2000 and by 1.8 percent in 2001 (compared to 2.1 percent and 1.9 percent, respectively).

With this issue of the *QSER*, DBEDT has begun to publish a forecast of visitor expenditures. Readers will note that while visitor expenditures declined in 1998 and 1999, we expect expenditures to increase by 9.2 percent in 2000 and by 8.7 percent in 2001. This is based on growth in the number of visitor days (up 3.4 percent through October) and indications of relatively strong growth in spending per person per day in the first half of 2000.

ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII: 1998 TO 2003

Economic Indicators	1998 (actual)	1999 (actual)	2000 (forecast)	2001 (forecast)	2002 (forecast)	2003 (forecast)
Total population (in thousands)	1,190.5	1,185.5	1,193.8	1,203.3	1,213.0	1,222.7
Visitor arrivals (in thousands)	6,595.8	6,741.0	7,024.1	7,284.0	7,531.7	7,765.2
Visitor expenditures (in million dollars)	10,309.2	10,279.7	11,225.4	12,202.0	13,202.6	14,258.8
Honolulu CPI-U (1982-84=100)	171.5	173.3	176.9	180.4	184.0	187.9
Personal income (in million dollars)	31,814.9 1/	32,653.5 1/	34,286.2	35,931.9	37,584.8	39,313.7
Personal income (in $1992 million)	28,772.6	29,224.2	30,054.3	30,885.5	31,673.8	32,442.8
Total wage & salary jobs (in thousands)	538.8	541.4	552.2	562.2	571.7	582.0
Gross state product (in million dollars)	36,456.4 2/	37,417.0 2/	39,202.4	40,993.5	42,915.9	44,892.7
Real gross state product (in $1992 million)	33,354.5	33,903.4	34,852.6	35,793.7	36,795.9	37,752.6
Gross state product deflator (1992=100)	109.3	110.4	112.5	114.5	116.6	118.9
Annual Percentage Change						
Total population (in thousands)	0.1	-0.4	0.7	0.8	0.8	0.8
Visitor arrivals (in thousands)	-2.4	2.2	4.2	3.7	3.4	3.1
Visitor expenditures (in million dollars)	-1.7	-0.3	9.2	8.7	8.2	8.0
Honolulu CPI-U (1982-84=100)	-0.2	1.0	2.1	2.0	2.0	2.1
Personal income (in million dollars)	1.9 1/	2.6 1/	5.0	4.8	4.6	4.6
Personal income (in $1992 million)	2.2	1.6	2.8	2.8	2.6	2.4
Total wage & salary jobs (in thousands)	0.0	0.5	2.0	1.8	1.7	1.8
Gross state product (in million dollars)	1.9 2/	2.6 2/	4.8	4.6	4.7	4.6
Real gross state product (in $1992 million)	2.1	1.6	2.8	2.7	2.8	2.6
Gross state product deflator (1992=100)	-0.2	1.0	1.9	1.8	1.8	2.0

1/ Revised by U.S. Bureau of Economic Analysis, September 12, 2000.
2/ Revised by Hawaii State Department of Business, Economic Development & Tourism, December 2000.
Source: Hawaii State Department of Business, Economic Development & Tourism, December 2000.

COUNTY ECONOMIC CONDITIONS

The trend of relatively fast economic growth of the Neighbor Islands persisted in the third quarter. Employment and wage and salary jobs grew at higher rates than in the City & County of Honolulu. However Honolulu's third-quarter visitor arrivals increased much faster than elsewhere.

Perhaps the starkest third-quarter evidence of Neighbor Islands strength lay in civilian labor force data. While the labor force on the Neighbor Islands grew from 1.3 percent in Hawaii County to 3.8 percent in Kauai County, there was zero growth in the labor force in the City & County of Honolulu (Tables 2 through 5).

Civilian employment and non-agricultural wage and salary jobs grew fastest on Kauai in the third quarter (4.3 percent and 3.0 percent, respectively). Maui and Hawaii counties had the next highest growth in these two measures. In the City & County of Honolulu civilian employment expanded by 1.0 percent and non-agricultural wage and salary jobs grew by 0.4 percent. With the exception of Kauai and Maui, these third-quarter growth rates trailed those posted in the first half of the year. In Kauai and Maui counties, non-agricultural job growth accelerated in the third quarter.

For much of the year, construction led the job growth in Maui and Hawaii counties. While this continued in the third quarter, the pace of construction jobs slowed relative to the first half of the year. Construction jobs increased 12.0 percent in Maui County and by 9.4 percent in Hawaii County. Both counties enjoyed even faster growth for the year through September.

Interestingly, Kauai and Honolulu counties reversed this trend. Construction jobs in Kauai County jumped by 20.0 percent in the third quarter of 2000 compared to the year-earlier quarter. The City & County of Honolulu saw construction jobs rise by 8.7 percent. In both counties this pace was faster than the average increase in construction jobs during the first half of the year.

Visitor-related jobs grew fastest in Maui and Kauai counties in the third quarter. In Maui County, retail trade jobs increased 1.8 percent while hotel jobs grew by 8.7 percent. In Kauai County, retail trade jobs were up 2.3 percent and hotel jobs expanded by 4.1 percent. In contrast, retail trade jobs grew more slowly in Hawaii and Honolulu counties (0.4 percent and 0.2 percent, respectively). Hotel jobs grew a healthy 2.5 percent in the City & County of Honolulu County, but Hawaii County saw a slight decline of 0.8 percent in these jobs.

In spite of relatively strong Neighbor Islands growth, the City & County of Honolulu experienced the largest third-quarter increase in visitor arrivals. Total arrivals jumped 12.0 percent in the City & County of Honolulu from the third quarter of 1999 through the third quarter of 2000. Maui County saw an increase of 8.2 percent, while Kauai County and Hawaii County followed with growth of 4.2 percent and 2.9 percent, respectively.

In all counties, hotel occupancy rates were significantly above those of 1999. Maui County led the way with an average occupancy rate of 82.3 percent, up 6.1 percentage points above 1999's rate. Honolulu and Kauai counties tied at 77.2 percent, and Hawaii County enjoyed a strong 73.8 percent rate. Hawaii County had the largest increase—8.2 percentage points over 1999.

Table 1. 2000 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII

SERIES	UNIT	3rd QUARTER 2000 NUMBER	3rd QUARTER 2000 % CHANGE YEAR AGO	YEAR TO DATE NUMBER	YEAR TO DATE % CHANGE YEAR AGO
Civilian labor force 1/	Persons	599,500	0.6	601,400	1.3
Civilian employment	Persons	572,800	1.9	574,400	2.8
Civilian unemployment	Persons	26,650	-20.9	27,050	-22.0
Unemployment rate 2/	%	4.4	-1.2	4.5	-1.3
Total non-agric. wage & salary jobs 1/	Jobs	540,750	1.7	541,550	1.9
Contract construction	Jobs	24,000	9.6	23,450	9.6
Manufacturing	Jobs	16,850	1.2	16,750	2.1
Transport., comm., utilities	Jobs	41,600	1.0	41,250	0.9
Trade	Jobs	135,000	1.4	134,400	1.9
Retail	Jobs	113,400	1.3	112,950	1.8
Finance, insur., & real estate	Jobs	34,600	-1.7	34,550	-1.6
Services & miscellaneous	Jobs	178,550	2.1	176,950	1.8
Hotels	Jobs	38,400	4.1	38,100	2.7
Health	Jobs	36,150	0.8	35,950	1.0
Government	Jobs	110,150	1.0	114,200	1.9
Federal	Jobs	31,000	1.6	31,100	2.6
State	Jobs	61,750	1.1	66,350	1.9
Local	Jobs	17,450	-0.3	16,750	0.0
Agriculture wage & salary jobs 1/	Jobs	8,450	3.7	8,050	7.3
State general fund revenues	$1,000	774,265	5.2	2,327,667	7.8
General excise and use tax revenues	$1,000	400,698	7.6	1,216,793	9.9
Income-individual	$1,000	285,983	2.9	811,679	2.4
Declaration of estimated taxes	$1,000	42,780	1.3	191,763	11.7
Payment with returns	$1,000	9,596	11.4	84,891	-2.6
Withholding tax on wages	$1,000	252,605	4.2	758,873	3.3
Refunds	$1,000	18,999	23.9	223,849	11.8
Transient accommodations tax	$1,000	41,949	2.9	133,796	14.0
Visitor arrivals by air 3/	Persons	1,830,834	1.7	5,303,263	3.9
Domestic flight visitors	Persons	1,163,143	2.7	3,399,817	5.8
International flight visitors	Persons	667,691	0.0	1,903,446	0.6
Hotel occupancy rates 2/	%	78.0	3.2	76.9	3.8

1/ Labor force and jobs are averages based on monthly rounded data
2/ Change represents absolute change in rates rather than percentage change in rates
3/ Preliminary data.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled b
Hawaii State Department of Business, Economic Development & Tourism

Table 2. 2000 SELECTED ECONOMIC ACTIVITIES: CITY AND COUNTY OF HONOLULU

SERIES	UNIT	3rd QUARTER 2000 NUMBER	3rd QUARTER 2000 % CHANGE YEAR AGO	YEAR TO DATE NUMBER	YEAR TO DATE % CHANGE YEAR AGO
Civilian labor force 1/	Persons	424,050	0.0	427,000	0.8
Civilian employment	Persons	407,800	1.0	410,250	2.1
Civilian unemployment	Persons	16,300	-17.9	16,800	-22.4
Unemployment rate 2/	%	3.8	-0.8	3.9	-1.2
Total non-agric. wage & salary jobs 1/	Jobs	402,500	0.4	404,100	1.6
Contract construction	Jobs	17,400	8.7	16,750	5.0
Manufacturing	Jobs	13,150	1.9	13,050	2.8
Transport., comm., utilities	Jobs	32,150	0.8	31,950	0.3
Trade	Jobs	98,150	0.4	97,900	2.1
Retail	Jobs	80,850	0.2	80,600	2.0
Finance, insur., & real estate	Jobs	27,500	-0.9	27,450	-2.1
Services & miscellaneous	Jobs	126,750	1.7	125,800	1.8
Hotels	Jobs	16,350	2.5	16,250	0.6
Health	Jobs	29,100	0.9	29,000	0.9
Government	Jobs	87,400	-2.9	91,200	1.4
Federal	Jobs	29,000	1.8	29,000	1.8
State	Jobs	46,500	-7.6	50,750	1.8
Local	Jobs	11,900	6.3	11,450	-0.9
Agriculture wage & salary jobs 1/	Jobs	2,250	-2.2	2,150	-2.3
General excise and use tax revenues	$1,000	329,543	10.6	998,911	9.5
Income-individual	$1,000	247,145	4.6	704,024	1.8
Declaration of estimated taxes	$1,000	31,504	0.3	138,769	8.1
Payment with returns	$1,000	7,367	17.6	65,014	-3.3
Withholding tax on wages	$1,000	221,949	4.0	668,262	3.4
Refunds	$1,000	13,674	-7.9	168,021	11.6
Transient accommodations tax	$1,000	30,567	-0.3	98,123	12.1
Visitor arrivals by air 3/	Persons	1,260,312	12.0	3,631,321	5.2
Domestic flight visitors	Persons	657,758	13.5	1,894,267	7.7
International flight visitors	Persons	602,554	10.5	1,737,054	2.6
Hotel occupancy rates 2/	%	77.2	3.9	76.1	3.7

NA Not available.
1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary data. County-level data not yet revised.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 3. 2000 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY

SERIES	UNIT	3rd QUARTER 2000 NUMBER	3rd QUARTER 2000 % CHANGE YEAR AGO	YEAR TO DATE NUMBER	YEAR TO DATE % CHANGE YEAR AGO
Civilian labor force 1/	Persons	71,200	1.3	71,100	1.9
Civilian employment	Persons	66,000	1.7	66,100	4.4
Civilian unemployment	Persons	5,200	-3.7	5,000	-22.5
Unemployment rate 2/	%	7.3	-0.4	7.0	-2.2
Total non-agric. wage & salary jobs 1/	Jobs	52,400	1.6	52,550	2.9
Contract construction	Jobs	2,900	9.4	3,050	32.6
Manufacturing	Jobs	1,450	-3.3	1,450	-6.5
Transport., comm., utilities	Jobs	3,100	6.9	2,950	3.5
Trade	Jobs	13,450	0.7	13,400	0.8
Retail	Jobs	11,200	0.4	11,150	-0.9
Finance, insur., & real estate	Jobs	2,700	0.0	2,650	0.0
Services & miscellaneous	Jobs	17,950	0.6	18,000	1.4
Hotels	Jobs	6,350	-0.8	6,500	0.8
Health	Jobs	3,250	4.8	3,150	6.8
Government	Jobs	10,850	2.4	11,000	4.3
Federal	Jobs	1,000	17.6	1,050	23.5
State	Jobs	7,550	1.3	7,650	3.4
Local	Jobs	2,350	4.4	2,300	0.0
Agriculture wage & salary jobs 1/	Jobs	2,600	-5.5	2,450	4.3
General excise and use tax revenues	$1,000	25,739	10.2	82,040	15.3
Income-individual	$1,000	15,464	-0.2	43,693	0.9
Declaration of estimated taxes	$1,000	3,951	-8.7	19,678	16.0
Payment with returns	$1,000	895	-4.2	8,459	0.8
Withholding tax on wages	$1,000	12,572	6.9	36,594	1.1
Refunds	$1,000	1,954	27.9	21,037	15.4
Transient accommodations tax	$1,000	2,581	30.7	8,276	21.1
Visitor arrivals by air 3/	Persons	329,829	2.9	973,027	-0.5
Domestic flight visitors	Persons	233,392	0.8	707,618	0.2
International flight visitors	Persons	96,437	8.3	265,409	-2.5
Hotel occupancy rates 2/	%	73.8	8.2	72.1	4.9

NA Not available.
1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary. County-level data not yet revised.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 4. 2000 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY

SERIES	UNIT	3rd QUARTER 2000 NUMBER	3rd QUARTER 2000 % CHANGE YEAR AGO	YEAR TO DATE NUMBER	YEAR TO DATE % CHANGE YEAR AGO
Civilian labor force 1/	Persons	73,900	2.4	73,350	2.7
Civilian employment	Persons	70,750	3.6	70,050	4.3
Civilian unemployment	Persons	3,150	-18.2	3,300	-22.4
Unemployment rate 2/	%	4.3	-1.1	4.5	-1.4
Total non-agric. wage & salary jobs 1/	Jobs	60,100	2.7	59,650	2.6
Contract construction	Jobs	2,800	12.0	2,750	17.0
Manufacturing	Jobs	1,800	2.9	1,750	2.9
Transport., comm., utilities	Jobs	4,550	-2.2	4,550	2.2
Trade	Jobs	15,950	1.3	15,900	1.0
Retail	Jobs	14,500	1.8	14,450	1.4
Finance, insur., & real estate	Jobs	3,100	-1.6	3,100	0.0
Services & miscellaneous	Jobs	24,050	4.3	23,700	2.4
Hotels	Jobs	11,900	8.7	11,650	6.4
Health	Jobs	2,350	-2.1	2,350	-2.1
Government	Jobs	7,850	1.9	7,900	3.3
Federal	Jobs	600	9.1	650	30.0
State	Jobs	5,200	-1.0	5,300	1.9
Local	Jobs	2,100	13.5	1,950	2.6
Agriculture wage & salary jobs 1/	Jobs	2,600	10.6	2,400	14.3
General excise and use tax revenues	$1,000	33,648	8.0	102,891	9.2
Income-individual	$1,000	16,918	-6.5	47,184	10.7
Declaration of estimated taxes	$1,000	5,262	-8.9	24,678	28.5
Payment with returns	$1,000	949	-7.2	7,595	-5.1
Withholding tax on wages	$1,000	13,074	0.7	39,614	4.7
Refunds	$1,000	2,367	40.0	24,703	10.1
Transient accommodations tax	$1,000	7,045	4.8	22,506	17.9
Visitor arrivals by air 3/	Persons	596,231	8.2	1,744,791	-2.9
Domestic flight visitors	Persons	482,216	7.8	1,415,340	-1.1
International flight visitors	Persons	114,015	9.9	329,451	-9.7
Hotel occupancy rates 2/ 4/	%	82.3	6.1	82.8	4.9

NA Not available.
1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates
3/ Preliminary. County-level data not yet revised
4/ Data represent Maui Island only.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled b
Hawaii State Department of Business, Economic Development & Tourism.

Table 5. 2000 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY

SERIES	UNIT	3rd QUARTER 2000 NUMBER	3rd QUARTER 2000 % CHANGE YEAR AGO	YEAR TO DATE NUMBER	YEAR TO DATE % CHANGE YEAR AGO
Civilian labor force 1/	Persons	30,200	3.8	29,900	3.5
Civilian employment	Persons	28,200	4.3	27,950	5.1
Civilian unemployment	Persons	2,050	0.0	2,000	-11.1
Unemployment rate 2/	%	6.8	-0.3	6.7	-1.1
Total non-agric. wage & salary jobs 1/	Jobs	25,450	3.0	25,200	2.6
Contract construction	Jobs	900	20.0	900	5.9
Manufacturing	Jobs	450	0.0	450	0.0
Transport., comm., utilities	Jobs	1,750	-2.8	1,800	5.9
Trade	Jobs	7,400	3.5	7,250	3.6
Retail	Jobs	6,800	2.3	6,750	3.8
Finance, insur., & real estate	Jobs	1,300	0.0	1,300	4.0
Services & miscellaneous	Jobs	9,550	2.7	9,450	2.2
Hotels	Jobs	3,800	4.1	3,750	4.2
Health	Jobs	1,450	-3.3	1,450	-6.5
Government	Jobs	4,050	1.3	4,100	1.2
Federal	Jobs	450	12.5	450	28.6
State	Jobs	2,500	-3.8	2,600	0.0
Local	Jobs	1,100	4.8	1,050	0.0
Agriculture wage & salary jobs 1/	Jobs	1,000	5.3	1,000	17.6
General excise and use tax revenues	$1,000	11,769	23.8	32,950	12.5
Income-individual	$1,000	6,455	5.6	16,777	6.2
Declaration estimated taxes	$1,000	2,064	11.8	8,637	19.2
Payment with returns	$1,000	385	20.8	3,822	9.3
With holding tax on wages	$1,000	5,010	3.6	14,404	2.1
Refunds	$1,000	1,003	12.7	10,087	11.5
Transient accommodations tax	$1,000	1,755	31.9	4,892	23.8
Visitor arrivals by air 3/	Persons	289,922	4.2	830,161	1.4
Domestic flight visitors	Persons	241,529	3.4	681,606	-3.2
International flight visitors	Persons	48,393	8.5	148,555	29.3
Hotel occupancy rates 2/	%	77.2	5.2	76.1	5.4

1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary. County-level data not yet revised.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

A. LABOR FORCE AND JOBS

While the labor market continued to expand in the third quarter, evidence of cooling began to emerge. Both civilian employment and non-agricultural wage and salary jobs grew—but at slower rates than in the first quarters of the year. Unemployment remained steady. Construction and retail job growth was down from the second quarter, but growth in services and hotels increased.

The civilian labor force grew by 0.6 percent from the third quarter of 1999 to the third quarter of 2000 (Table A-1). This followed 1.7 percent annual growth in the first half of the year. If the pace continues through the end of the year, the labor force will have grown by more than 1 percent for the first time since 1996.

Civilian employment and non-agricultural wage and salary jobs both increased in the third quarter but more slowly than in the first half. Civilian employment grew 1.9 percent from the third quarter of 1999 to the third quarter of 2000 (Table A-2). Non-agricultural wage and salary jobs grew by 1.7 percent over the same period (Table A-5). While the growth has slowed slightly, both measures of the labor market are on pace for the best year since 1991.

The number of unemployed continued the fall that began in late 1997. The number of unemployed declined 20.9 percent in the third quarter compared to the same period in 1999 (Table A-3). This was sufficient to keep the unemployment rate steady at 4.4 percent in the third quarter (Table A-4).

Construction jobs grew by 9.6 percent in the third quarter relative to the year-earlier quarter (Table A-6). This continued the very strong pace of the first half of the year in sharp contrast to the declines endured for most of the 1990s.

Other industries showing job growth in third quarter included manufacturing (1.2 percent, Table A-7), transportation (1.5 percent, Table A-8), retail trade (1.3 percent, Table A-11), wholesale trade (2.4 percent, Table A-12), and agriculture (3.7 percent, Table A-19).

Jobs fell between the third quarter of 1999 and the third quarter of 2000 in utilities (-3.0 percent, Table A-10) and finance, insurance, and real estate (-1.7 percent, Table A-13).

Wage and salary job growth in hotels and services flew in the face of the cooling trend. Hotel jobs jumped by 4.1 percent in the third quarter from the year-earlier period (Table A-15). This was the highest rate of growth since the third quarter of 1991. Services jobs grew by 2.1 percent over the period, well above the average pace of the previous six quarters (Table A-14).

Job growth in the three segments of the public sector was slightly lower than the civilian average. Federal government jobs increased by 1.6 percent in the third quarter (Table A-16). State government jobs grew by 1.1 percent (Table A-17). There was a small decrease of 0.3 percent in local government jobs (Table A-18).

B. INCOME AND PRICES

Personal income in the second quarter of 2000 continued the relatively rapid rate of growth experienced in the first quarter. Led by strength in wages and salaries, all of the major personal income components contributed to the rise.

On October 25, 2000, the U.S. Bureau of Economic Analysis (BEA) released second-quarter state personal income estimates together with revisions back to 1997. These quarterly estimates followed a revision of annual estimates for 1997-1999 released in September.

The revisions dramatically lowered the estimated personal income growth in 1999—from 3.6 percent (over 1998) down to 2.6 percent. These changes reflected an annual revision of National Income and Product Account data as well as newly-available state data. Several other states experienced larger revisions (both up and down) than Hawaii.

In light of these downward revisions, the 4.1 percent growth in Hawaii's personal income from the second quarter of 1999 to the second quarter of 2000 is notable (Table B-2). This followed growth of 4.0 percent in the first quarter relative to the first quarter of 1999. Personal income has not grown at these rates since 1993.

Most of the growth came in wages and salaries, which makes up 56 percent of personal income. Table B-3 shows that wages and salaries grew by 4.2 percent in the second quarter—the same rate of growth as in the first quarter (both relative to the year-earlier quarters).

Other labor income (which consists of employer contributions to privately-administered pension plans, premiums for group health and life insurance, supplemental unemployment insurance, and so on) grew by 0.3 percent from the second quarter of 1999 to the second quarter of 2000 (Table B-4). The small increase was significant because it reversed a 13-quarter declining trend. The increase may signal that "high-quality" jobs are again being added to the economy.

Second-quarter proprietors' income continued the rapid pace set in the first quarter. From the second quarter of 1999 through the second quarter of 2000, proprietors' income grew 7.5 percent (Table B-5). This followed 7.9 percent growth in the first quarter. Proprietors' income has not grown this rapidly on a sustained basis since 1992. The growth suggests strength in Hawaii's small business sector.

Dividends, interest, and rent grew by 3.6 percent in the second quarter of 2000 from the year-earlier quarter (Table B-6). In spite of stock market troubles this year, this component is growing faster than in 1999.

Transfer payments expanded by 5.1 percent from the second quarter of 1999 to the second quarter of 2000 (Table B-7). This followed 4.0 percent growth in the first quarter and suggests that transfer payments will grow faster in 2000 than in any year since 1995. Transfer payments consist largely of Social Security and medical payments.

The Honolulu Consumer Price Index increased by 1.9 percent in the first half of the year (Table B-9). This suggests that real personal income has been growing at approximately 2.2 percent in the first half of 2000 compared to the first half of 1999.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 1998	Second Quarter 1999	Annual average 1999	First Quarter 2000	Second Quarter 2000	To Second Quarter 2000 From: Second Quarter 1999	To Second Quarter 2000 From: First Quarter 2000	Annual average 1999 from 1998
PERSONAL INCOME	31,815	32,480	32,653	33,281	33,810	4.1	1.6	2.6
Earnings By Place of Work	23,069	23,530	23,663	24,030	24,488	4.1	1.9	2.6
Wage and salary disbursements	17,749	18,190	18,296	18,557	18,949	4.2	2.1	3.1
Other labor income	2,889	2,809	2,816	2,798	2,818	0.3	0.7	-2.5
Proprietors' income	2,431	2,530	2,551	2,674	2,721	7.5	1.8	4.9
Farm proprietors' income	11	11	11	11	11	0.0	0.0	0.0
Nonfarm proprietors' income	2,421	2,519	2,540	2,663	2,710	7.6	1.8	4.9
Dividends, interest, and rent	6,179	6,323	6,355	6,521	6,549	3.6	0.4	2.9
Transfer payments	3,818	3,918	3,933	4,049	4,118	5.1	1.7	3.0
Less: Pers. cont. for social insur.	1,250	1,291	1,297	1,319	1,344	4.1	1.9	3.8
Earnings By Industry	23,069	23,530	23,663	24,030	24,488	4.1	1.9	2.6
Farm Earnings	173	192	192	197	202	5.2	2.5	10.9
Nonfarm Earnings	22,896	23,338	23,471	23,833	24,286	4.1	1.9	2.5
Private Earnings	15,844	16,204	16,231	16,586	16,994	4.9	2.5	2.4
Ag. serv., forestry, fishing & oth	137	141	143	155	155	9.9	0.0	3.8
Mining	21	21	21	20	21	0.0	5.0	3.7
Construction	1,310	1,325	1,325	1,430	1,500	13.2	4.9	1.1
Manufacturing	675	724	725	668	675	-6.8	1.0	7.3
Transport. and public utilities	1,772	1,798	1,811	1,912	1,998	11.1	4.5	2.2
Wholesale trade	796	812	822	832	859	5.8	3.2	3.2
Retail trade	2,552	2,616	2,633	2,704	2,755	5.3	1.9	3.2
Finance, insur., and real estate	1,901	1,963	1,950	1,969	2,015	2.6	2.3	2.6
Services	6,680	6,869	6,869	6,897	7,017	2.2	1.7	2.8
Gov't and gov't enterprises	7,053	7,133	7,240	7,246	7,292	2.2	0.6	2.7
Federal	4,086	4,120	4,138	4,218	4,190	1.7	-0.7	1.3
Federal, civilian	1,784	1,837	1,840	1,885	1,870	1.8	-0.8	3.1
Military	2,302	2,283	2,298	2,333	2,320	1.6	-0.6	-0.1
State and local	2,967	3,014	3,102	3,028	3,102	2.9	2.4	4.6

Data for 1997 Q1 through 2000 Q1 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, October 25, 2000, <http://www.bea.doc.gov/bea/regional/sq/> and tabulations by the Hawaii State Department of Business, Economic Development & Tourism.

Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U)

[1982-84=100]

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transpor-tation	Medical Care	Recre-ation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1 2/	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
1995H1	3.0	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1 2/	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ On September 28, 2000 Bureau of Labor Statistics announced an error in the portions of the January-August, 2000 CPI . While there was a change in the U.S. All items and a slight correction to one component of Honolulu's CPI-U Housing, the Honolulu indexes a presented here are unchanged. For the U.S. see <http://stats.bls.gov/cpirev01.htm>. For Honolulu, see <http://stats.bls.gov/ro9news.htm>.

Source: U.S. Bureau of Labor Statistics, <http://stats.bls.gov/cpihome.htm> and <http://stats.bls.gov/ro9news.htm#CPI

C. TAX REVENUES

General Fund tax revenues continued to expand at a healthy pace in the third quarter. Most of the growth came from general excise and use tax receipts. Net individual income tax receipts also grew, but corporate income tax revenues declined.

General Fund tax revenues grew by 5.2 percent from the third quarter of 1999 to the third quarter of 2000 (Table C-2). This followed very strong growth in the first half of the year. At this pace, General Fund tax revenues will come in at 7.8 percent above last year, which would be the largest calendar year-over-year increase since 1989.

Just over half of General Fund tax revenues come from the general excise and use tax (GET). GET revenues expanded by 7.6 percent in the third quarter of 2000 compared to the year-earlier quarter (Table C-3). GET revenue growth has driven the increases in the General Fund all year. These revenues are also on a pace unseen since 1990.

Net individual income tax revenues grew 2.9 percent from the third quarter of 1999 to the third quarter of 2000 (Table C-4). For the calendar year through September, net individual income tax revenues were up 2.4 percent over the same period in 1999. Individual income tax rates were lowered in 1999, and will decline again in 2001. Thus, the growth in 2000 is not influenced by a change in rates.

Individual income tax refunds jumped by 23.9 percent in the third quarter from the third quarter of 1999 (Table C-8). This followed nearly 12.0 percent growth in the second quarter. The increase in refunds reflects a smaller difference between tax rates and withholding rates associated with the income tax rate reductions of 1999.

Net corporate income tax revenue dropped by almost 30 percent in the third quarter (Table C-9). However, corporate income tax revenues are notoriously volatile. For the calendar year through September, corporate income tax revenue was up 34.4 percent.

Transient accommodations tax (TAT) revenue grew by 2.9 percent from the third quarter of 1999 through the third quarter of 2000 (Table C-13). This followed relatively strong growth in the first half of the year. While some of the large increase in the first quarter may have reflected remaining effects of the TAT rate increase in 1999, this should not have influenced the revenue in the second and third quarters.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
1997	1 Qtr.	365,069	227,409	18,055	688,683
	2 Qtr.	366,563	213,468	32,330	676,222
	3 Qtr.	356,533	269,597	10,594	704,749
	4 Qtr.	344,846	274,526	-5,386	686,967
1998	1 Qtr.	375,018	247,815	10,592	714,466
	2 Qtr.	348,955	291,713	30,408	743,003
	3 Qtr.	360,313	283,430	15,479	738,957
	4 Qtr.	352,368	270,283	-6,368	692,866
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
1997	1 Qtr.	-5.6	-6.1	16.9	-5.0
	2 Qtr.	2.6	-2.0	14.1	1.3
	3 Qtr.	-5.9	-2.6	6.9	-4.6
	4 Qtr.	-0.5	6.2	-119.3	2.8
1998	1 Qtr.	2.7	9.0	-41.3	3.7
	2 Qtr.	-4.8	36.7	-5.9	9.9
	3 Qtr.	1.1	5.1	46.1	4.9
	4 Qtr.	2.2	-1.5	-18.3	0.9
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds Individual income tax rates changed effective January 1, 1999.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

Source: Hawaii State Department of Taxation.

D. TOURISM

The pace of visitor activity cooled in the third quarter. Both visitor arrivals and the average visitor census expanded modestly. As in the past, there was relative strength from those arriving on domestic flights rather than international flights. U.S. East arrivals grew much faster than U.S. West arrivals, while the number of Japanese visitors declined. Even so, hotel occupancy rates remained high.

The number of total visitor arrivals (by air) grew by 1.7 percent for the third quarter of 1999 to the third quarter of 2000 (Table D-2). This followed very strong growth of 8.3 percent in the second quarter (year-over-year). For the year through September, visitor arrivals were up 3.9 percent.

All of the visitor arrival growth came from passengers arriving on domestic flights. Domestic visitor arrivals grew by 2.7 percent in the third quarter compared to the third quarter of 1999 (Table D-3). The number of visitor arrivals from international flights was unchanged from the third quarter of 1999 (Table D-4).

Looking at visitors by major market area, U.S. West visitor arrivals grew 3.1 percent in the third quarter compared to the year-earlier quarter (Table D-5). For the year through September, U.S. West arrivals were up 6.6. percent over the same period in 1999.

U.S. East arrivals are only about two-thirds those of U.S. West, but they have been growing faster recently (Table D-6). The number of U.S. East arrivals jumped by 12.9 percent in the third quarter following a 13.8 percent increase in the second quarter. At this rate, U.S. East arrivals will grow by 11.2 percent in 2000.

The number of Japanese visitor arrivals fell by 3.3 percent from the third quarter of 1999 through the third quarter of 2000 (Table D-7). With the exception of a 4.9 percent increase in the second quarter 2000, Japanese arrivals have fallen in every quarter since early 1998.

The average daily visitor census expanded by 1.1 percent in the third quarter (Table D-8). The visitor census of visitors arriving on domestic flights increased 4.2 percent, while the census of visitors arriving on international flights fell by 6.6 percent, from the third quarter of 1999 through the third quarter of 2000 (Tables D-9 and D-10).

Hotel occupancy rates jumped by 3.2 percentage points to 78.0 percent in the third quarter from the year-earlier-quarter (Table D-11). This followed an even larger 7.0 percentage point leap in the second quarter.

Readers interested in reviewing visitor data on a monthly basis can find them at http://www.hawaii.gov/dbedt/monthly/index.html.

In January 2001, DBEDT will release an issue of *Hawaii's Economy* devoted to tourism issues. This edition will also contain a discussion of recent changes in visitor data, completing presentation of historical data, such as major market area detail introduced in this QSER. *Hawaii's Economy* can be found at http://www.hawaii.gov/dbedt/hecon.html.

Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR

Year		Visitor Arrivals 1/			Average Daily Visitor Census	
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
1998 1 Qtr.	1,668,494	973,221	695,273	168,313	117,377	50,936
2 Qtr.	1,616,987	1,035,106	581,881	148,818	110,319	38,499
3 Qtr.	1,724,849	1,040,587	684,262	158,423	111,721	46,701
4 Qtr.	1,585,460	965,226	620,234	154,146	108,952	45,193
1999 1 Qtr.	1,688,751	1,021,745	667,006	174,588	120,018	54,570
2 Qtr.	1,615,842	1,058,106	557,736	151,621	112,905	38,716
3 Qtr.	1,799,719	1,132,114	667,605	169,672	121,730	47,942
4 Qtr.	1,636,726	1,043,657	593,069	161,956	117,326	44,630
2000 1 Qtr.	1,722,991	1,071,927	651,064	177,756	124,833	52,924
2 Qtr.	1,749,438	1,164,747	584,691	165,241	125,255	39,987
3 Qtr.	1,830,834	1,163,143	667,691	171,621	126,834	44,787
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
1998 1 Qtr.	-2.1	2.2	-7.5	5.6	9.4	-2.4
2 Qtr.	0.0	7.1	-10.5	-2.3	2.5	-13.8
3 Qtr.	-4.1	1.9	-12.0	-4.2	-0.7	-11.6
4 Qtr.	-3.4	1.6	-10.3	1.6	4.1	-3.8
1999 1 Qtr.	1.2	5.0	-4.1	3.7	2.3	7.1
2 Qtr.	-0.1	2.2	-4.1	1.9	2.3	0.6
3 Qtr.	4.3	8.8	-2.4	7.1	9.0	2.7
4 Qtr.	3.2	8.1	-4.4	5.1	7.7	-1.2
2000 1 Qtr.	2.0	4.9	-2.4	1.8	4.0	-3.0
2 Qtr.	8.3	10.1	4.8	9.0	10.9	3.3
3 Qtr.	1.7	2.7	0.0	1.1	4.2	-6.6

1/ Staying overnight or longer.
Source: Hawaii State Department of Business, Economic Development & Tourism.

Table D-11. HOTEL OCCUPANCY RATE

Year	*First Quarter*	*Second Quarter*	*Third Quarter*	*Fourth Quarter*	***Annual***
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	78.0	(NA)	(NA)

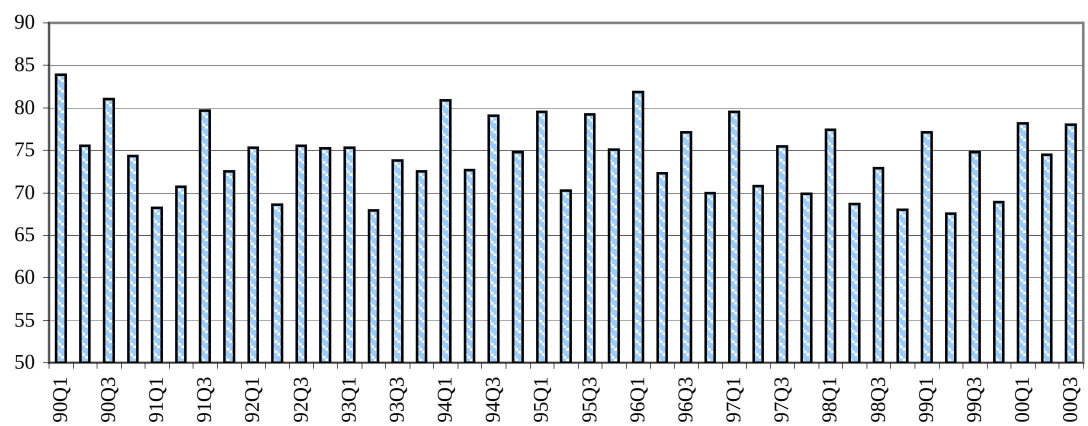
NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and PricewaterhouseCoopers monthly averages from February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Smith Travel Research, PricewaterhouseCoopers LLP.

Figure 5. Hotel Occupancy Rate

[In percent]



E. CONSTRUCTION

The strength in construction during the first half of 2000 continued into the third quarter. The value of construction put-in-place maintained its rapid growth, exceeding the growth in the number of construction jobs. Indeed, housing construction cost indices jumped in the third quarter. Growth in building permit values in Hawaii County and in the City & County of Honolulu suggests the trend will continue into 2001. Both prices and the number of housing unit sales rose, though there was some cooling in condominium sales. On top of this, State capital improvement project expenditures grew in the third quarter.

The value of construction put in place, proxied by the contracting general excise tax base, increased by 18.1 percent from the third quarter of 1999 through the third quarter 2000 (Table E-1). This pace followed 18.9 percent growth in the first half of 2000. The large increases in 1999 building permit values have been translating into actual construction activity during 2000.

Table E-1 contains several "not available" symbols for building permits. Because third-quarter Maui County permit data are unavailable, it was not possible to calculate state totals.

The pace of construction activity has begun to put upward pressure on costs. Both the Honolulu Construction Cost Index for single family homes and for multi-family buildings increased by more than 5.5 percent in the third quarter (Tables E-4 and E-5). This growth was roughly double the pace seen in the first half of the year.

Building permit values were up a sharp 44.4 percent in Hawaii County and grew by 6.6 percent in the City & County of Honolulu from the third quarter of 1999 (Table E-6). Permit values in Kauai County fell slightly by 2.0 percent. The increase in permit values in Hawaii County was largely due to residential and school buildings.

Single family home sales and resales value jumped 20.8 percent from the third quarter of 1999 through the third quarter of 2000 (Table E-7). Average condominium sales and resales value increased 11.4 percent over the period (Table E-8). Both have grown at much stronger rates in 2000 than in many years.

The number (as opposed to the sales and resales value) of single family home sales climbed 13.9 percent in the third quarter (Table E-9). This was substantially faster than in the first half of the year. However condominium sales followed the opposite pattern: Condominium transactions grew 8.1 percent in the third quarter, following nearly 20 percent growth in the first half of the year (Table E-10).

State capital improvement project (CIP) expenditures rose 10.3 percent in the third quarter. This followed a slight drop of 2.6 percent in the first half of the year. Most of the CIP spending went for public school and university construction.

Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED

Year	Contracting tax base 1/	Private Building Authorization				Government Contracts Awarded
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999 3/	2,991.2	1,320.2	628.8	306.2	385.3	584.8
1997 1 Qtr.	685.9	258.9	88.4	72.8	97.8	181.8
2 Qtr.	777.1	425.6	220.8	93.6	111.9	121.6
3 Qtr.	734.1	266.0	132.8	46.8	86.3	200.9
4 Qtr.	747.3	228.7	100.5	51.3	76.2	111.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 3/ 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 3/ 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	(NA)	(NA)	(NA)	(NA)	(NA)

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Honolulu City & County construction data were revised from October 1999 to June 2000.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED - Con.

Year	Contracting tax base 1/	Private Building Authorization: Total Private Authorizations	Private Building Authorization: Residential	Private Building Authorization: Commercial & Industrial 2/	Private Building Authorization: Additions & Alterations	Government Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999 4/	-0.8	25.2	29.5	48.9	6.1	-14.7
1997 1 Qtr.	-16.8	-7.7	-25.3	-7.2	16.8	-43.1
2 Qtr.	-4.6	58.7	122.5	49.8	5.0	55.9
3 Qtr.	-12.5	-24.5	-25.3	-27.7	-21.4	-37.9
4 Qtr.	-7.5	5.8	10.1	8.7	-5.8	-32.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 4/ 1 Qtr.	3/ -3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	3/ 4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	3/ -4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	3/ 0.7	38.8	48.9	-13.0	57.7	-15.1
2000 4/ 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.1	(NA)	(NA)	(NA)	(NA)	(NA)

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Subject to revision by Hawaii State Department of Taxation.

4/ Honolulu City & County construction data were revised from October 1999 to June 2000.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

F. OTHER INDICATORS

Bankruptcy filings plummeted in the third quarter. Both Chapter 7 and Chapter 13 filings fell sharply. Chapter 11 filings increased but remain low.

Total bankruptcy filings fell by 25 percent from the third quarter 1999 to the third quarter 2000 (Table F-1). This was the sixth straight quarter of declines and the largest percentage decrease seen in that period.

Most of the drop came in Chapter 7 filings, which involve the liquidation of assets and the discharge of some debt. The number of Chapter 7 filings fell by 25.4 percent over the period. This also reflected acceleration in the rate of decline from previous quarters.

Chapter 11 filings rose from 6 in the third quarter of 1999 to 11 in the third quarter 2000. While this is a large percentage increase, the number is still small. Chapter 11 filings involve the structuring of repayment plans for companies.

Chapter 13 filings fell by 26.5 percent over the period. This was the first drop in Chapter 13 filings since the first quarter of 1999. Chapter 13 bankruptcy allows debtors to workout repayment arrangements with creditors.

The decline in bankruptcy filings in Hawaii has been mirrored by similar declines for the nation as a whole. U.S. bankruptcy filings fell 4.6 percent from the third quarter of 1999 through the third quarter 2000. Quarterly U.S. bankruptcy statistics can be found at http://www.uscourts.gov/press_10212000.pdf.

Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)
(percentage change from same period previous year)